

## Summary of Recent Sales and Use Tax Regulatory Action

### Current as of: March 24, 2004

The following report contains a brief summary of all the regulations considered by the Business Taxes Committee (BTC) or otherwise acted on by the Board in the last six months. The summary provides a brief description of the amendments made to existing regulations and provisions of new regulations. Regulations will be reported in the summary until the effective date of the regulatory action. Please note, however, that regulations that have already been adopted must be approved by the Office of Administrative Law (OAL) before they can become effective. If OAL does not approve a regulation, the Board must either adopt new language to resolve OAL's objections or cancel the regulatory action. Proposed amendments or new regulations may not be adopted, and any text that is adopted may contain provisions that differ from those described in this summary. In addition, the information contained in this summary may not be relied upon pursuant to Revenue and Taxation Code section 6596.

Table of Contents		BTC Date	Date Adopted/ Scheduled for Adoption by Board
<a href="#">1584</a>	Membership Fees	1/27/04	4/13/04
<a href="#">1614</a>	Sales to the United States Government and Its Instrumentalities	N/A	Adopted as Rule 100 Change – 3/23/04
<a href="#">1616</a>	Federal Areas	9/24/03	Postponed
<a href="#">1619</a>	Foreign Consuls	N/A	Adopted as Rule 100 Change – 3/23/04
<a href="#">1828</a>	Process for Reviewing Transactions and Use Tax Distribution Inquiries	11/18/03	3/23/04

### REGULATION 1584, MEMBERSHIP FEES

**Business Taxes Committee:** [1/27/04](#)

**Public Hearing Scheduled:** [5/25/04](#)

*The following information may not be relied upon pursuant to Revenue and Taxation Code section 6596.*

The proposed amendments explain that when persons other than retailers make sales of memberships that are related to a retailer's anticipated sale of tangible personal property, and the retailer's sales meet the criteria established in subdivision (a)(1) of the regulation, the gross receipts from such membership sales should be included in the taxable measure of the retailer selling tangible personal property and not the person selling the membership.

## **Summary of Recent Sales and Use Tax Regulatory Action**

### **Current as of: March 24, 2004**

#### **REGULATION 1614, SALES TO THE UNITED STATES AND ITS INSTRUMENTALITIES**

**Business Taxes Committee:** N/A

**Adopted as a Rule 100 Change:** [3/23/04](#)

*The following information may not be relied upon pursuant to Revenue and Taxation Code section 6596.*

The proposed amendments update Regulation 1614 for changes in United States (U.S.) government purchasing practices. Currently, the U.S. government does not issue purchase orders for credit card purchases below a certain dollar amount. In lieu of a purchase order, the amendments allow a retailer to support exempt sales to the U.S. government through the use of documents that demonstrate that the U.S. government made direct payment for the property sold by the retailer. In addition, the amendments delete the reference to a “government remittance advice,” since this document is not used by the U.S. Government.

#### **REGULATION 1616, FEDERAL AREAS**

**Business Taxes Committee:** [9/24/03](#)

**Public Hearing:** [Postponed](#)

*The following information may not be relied upon pursuant to Revenue and Taxation Code section 6596.*

The proposed amendments implement and clarify recently amended Revenue and Taxation Code sections 6011 and 6012, operative January 1, 2003. The proposed amendments renumber subdivision (d)(3)(C) to (d)(3)(D); they also add subdivision (d)(3)(C) to provide that the sales price or gross receipts subject to the California sales and use tax do not include the amount of tax imposed by an Indian tribe on sales made on its reservation, provided the retailer is in substantial compliance with the Sales and Use Tax Law. To be in substantial compliance with the law, the retailer must maintain and make available for audit all records necessary to determine the correct tax liability and, at the time of the sale, the retailer must hold a seller’s permit or certificate of registration – use tax.

#### **REGULATION 1619, FOREIGN CONSULS**

**Business Taxes Committee:** N/A

**Adopted as a Rule 100 Change:** [3/23/04](#)

*The following information may not be relied upon pursuant to Revenue and Taxation Code section 6596.*

The proposed amendments reflect changed procedures established by the U.S. Department of State, Office of Foreign Missions (OFM) for tax exempt sales or leases of vehicles to foreign consular officers, employees, or members of their families. Effective January 1, 2004, the retailer, in addition to other documents already required by the regulation, must obtain the following documents to allow an exemption on a vehicle sale or lease: 1) the purchaser must have a valid Tax Exemption Card (Personal or Mission) or a protocol identification card, copies of which must be provided to the retailer, and 2) the retailer must contact and obtain from the OFM a letter stating that the vehicle sale or lease is exempt from tax. The retailer must retain all documentation supporting claimed exempt sales or leases to consular officers, employees, or members of their families.

**Summary of Recent Sales and Use Tax Regulatory Action**  
**Current as of: March 24, 2004**

**REGULATION 1828, PROCESS FOR REVIEWING TRANSACTIONS AND USE TAX DISTRIBUTION INQUIRIES**

**Business Taxes Committee: [11/18/03](#)**

**Adopted: [3/23/04](#)**

*The following information may not be relied upon pursuant to Revenue and Taxation Code section 6596.*

The proposed regulation establishes a formal process for administering district tax inquiries and appeals. Provisions of the regulation include:

Definitions (District, District Tax, Inquiring Districts and their Consultants (IDC), Claim (Inquiry) of incorrect distribution or non distribution of district tax, claim date, and Board Management), in subdivision (a).

The minimum factual data necessary to establish a claim (inquiry), in subdivision (a)(4).

The process for submittals and acknowledgements of inquiries, in subdivision (b).

The various levels of review for these inquiries, in subdivision (c).

The implications of time limitations for the levels of review, in subdivision (d).

The appeal rights of districts that will lose revenue as the result of a redistribution, in subdivision (e). The districts that will lose revenue as the result of a redistribution may follow the same appeals procedure as the original IDC.

An operative date, in subdivision (f).

G:\BTC\Reports\Regulations Summaries for Internet\2004\Regulation Summaries for Internet\Internet Summary 3-24-04.doc